

Montana Wheat and Barley Committee
Interim Half-day MW&BC Board Meeting
December 2005
Billings Hotel and Convention Center

Chairman Dan DeBuff called the meeting to order at 2:40 p.m. The following were present for either a portion or for the entire meeting:

Directors:

Dan DeBuff	Frank Schoonover
Janice Mattson	Brian Kaae
Robert Candee	Don Fast
Karen Schott	

Ex-Officios:

Jeff Jacobsen

Staff:

Kim Falcon, Executive Vice President
Cheryl Tuck, Information Specialist

Guests:

Joel Clairmont, MDA Deputy Director and Administrator; Agricultural Development Division
Terry Whiteside, Freight Traffic Consultant; Whiteside and Associates
Leonard Schock, Producer; U.S.Wheat Associates Vice Chairman / Past MW & BC Director/
Gary Gollehon, Producer and Chairman; Montana State Hail Board
Joy Finnicune Johnson, Interested public
Dr. Patricia Berglund, Director; Northern Crops Institute
Marcia Scheideman, President; Wheat Foods Council

Guests and new director, Frank Schoonover, Dutton, were introduced. Public comment was called for and none was given.

After viewing the tentative agenda and adding Terry Whiteside, Freight Traffic Consultant; Whiteside and Associates, to the agenda to discuss plans to go to Churchill, Canada with Leonard Schock, the agenda was approved by consensus.

1) M/S/C Don Fast and Brian Kaae - That the reading of the October Minutes and the Financial Report be dispensed with to facilitate tight scheduling.

Marcia Scheideman briefed the directors on her tenure with the Wheat Foods Council (WFC) headquartered in Denver, Colorado. She advised she would give a more in-depth presentation in a breakfast session on December 9, in which she will detail how the WFC pursues domestic marketing. She indicated nutrition policy supports grain consumption. All internal processes at the Council were examined since she was hired and those things requiring fixing were repaired, with some no longer relevant discarded. The web site, in particular, was examined and after total renovation to make the site more user-friendly, the Council is about to launch its new site at the end of December 2005. It is to be both a tool to use by the media, the public and decision makers, as well as a tool to track what interests people who come to the site in order to evaluate the Council's effectiveness.

Scheideman volunteered that the Whole Grains Council is one of the WFC's sister organizations and it is supported by industry, not producers. A new public relationship firm was hired and a new

campaign, “Mom – The Everyday Athlete” is about to be released. A new communication director will be hired. Some ideas being evaluated are: media training for targeted spokespersons and curriculum development. Scheideman will make available the WFC annual report to anyone wanting one.

Patricia Berglund distributed an annual update brochure for the Northern Crops Institute (NCI). She thanked the directors for their continuing support and sponsorship of Brian Kaae in his leadership role for NCI. The focus of the NCI is Hard Red Spring, Durum, Hard Red Winter, Corn, Barley, and Soybeans from North Dakota, South Dakota, Montana and Minnesota. In the past year NCI either trained participants from forty-six countries or hosted them on trade teams. NCI was involved in forty processing days and conducted testing for food and feed companies. NCI performed sixteen analytical testing projects and eight baking projects. Berglund listed twenty short courses and the number of participants and countries involved in each intensive training session. Several NCI staff also consulted overseas this year. She distributed a brochure showing the 2006 schedule and a long list of gratis contributors.

Kim Falcon, Executive Vice President of the MW & BC, briefed the directors on the continuing “green pea in feed barley” issue and the fact the Japanese issued a third tender in which U.S. feed barley was rejected. Cary Sifferath, U.S. Grains Council (USGC), confirmed Japan has set a .02% limit, on green peas in barley. Falcon added that some elevators can now meet those specifications, but as those specifications become more narrow, the price increases which then opens the door for Canada and Australia to win a tender on price. (There won’t be another tender yet until March.) Dan Kidd is currently at the USGC discussing this issue. He had earlier commented perhaps the Japanese had come up with this “green pea” issue intentionally. Falcon suggested we still need to stress “cleanliness” to U.S. elevators; to work with the U.S. Department of Agriculture to be aware of the situation, and to work with the Japanese to have the tight specifications loosened.

Bob Candee interjected, based on his recent conversations on the recent Simultaneous Buy Sell (SBS) mission he accompanied in Japan, that actual feeders never complained to him about green peas in their barley.

Many countries will follow Japan’s lead on issues of tighter specifications and chemical residue tolerance is a prime example. The consensus is that the first issue with green peas was human error at a Columbia Grain International facility, according to Janice Mattson, and North Dakota was suggested as the sourcing state.

Kidd, according to Falcon, also suggested Montana join with other barley-producing states and “brainstorm” to get ahead of the issue rather than wait for the USGC to handle it on their level. Kidd will know more about the situation – actual contamination or a ploy to get lower prices, after his meeting.

The directors decided collectively to wait until Kidd returns for his input and Falcon will continue updating everyone. Candee added that perhaps supply is also an issue because the U.S. had its lowest barley production level since the 1930’s.

In other old business, Mattson confirmed that the Wheat Export Trade Education Committee (WETEC) is still looking for additional funding. There have been some rumblings that WETEC will be moved, either back into U.S. Wheat Associates (USWA) or to the National Association of Wheat Growers (NAWG). Mattson suggested this matter will be determined at the February meeting in San Antonio. Mattson asked if the MW&BC Board would like to see WETEC moved to USWA? Chairman DeBuff thinks there is a strong possibility that WETEC will be absorbed into NAWG. After discussion, it was determined anyone feeling strongly on the issue should give Mattson direction.

Regarding helping North Dakota with its legal expenses in fighting Canada on trade issues, Chairman DeBuff, in the interest of time, asked directors to think about it and the matter will be included on the agenda of the next meeting.

Also discussed was Montana's shortfall in paying dues to USWA (about \$131,000 a few years back) because of persistent drought reduction of assessments. Schock expressed the desire to see the Committee make up this shortfall now. DeBuff commented that as a potential lucrative market, China was "ready to explode". If USWA could afford to put a person on site in China, this would position the U.S. better and the Montana shortfall, if backfilled, would help toward that end. Schock added that when he asked Alan Tracy, President of USWA, where he'd spend the "backfill" if he were to have these extra funds, he said he wanted to put a man in China. He may also be able to find a replacement for Nelson Denlinger, former Vice President of Government Programs. Making good on this commitment would "hold Montana's character at USWA and would be an excellent way to demonstrate our support," added Schock. This issue will be on the 2006 MW & BC budget meeting agenda.

2) M/S/C Brian Kaae and Janice Mattson - That the Committee thank Cheryl Tuck for her contribution on behalf of the producers in running the office in the ten-month period the MW&BC had no executive.

Whiteside updated the Committee on plans for Leonard Schock and he to go to Canada to investigate storage and logistics situations there to see if shipping Montana grain through Churchill, Canada to Europe is a feasible and economically viable plan. The trip will be paid for by a Canadian economic development council. Whiteside speculated there is \$0.70/bushel in transportation costs that could be saved if this plan can be implemented. Whiteside also advised of National Shippers' Day on March 16, 2006 in Washington, D.C. The goal is to have 500 shippers visit with congressmen about shipper issues. Two hearings on the transportation bill are slated.

DeBuff advised the directors he tapped Frank Schoonover to be the Board's transportation representative. Whiteside will brief him. Additionally, he and Falcon, on behalf of the Board, signed letters supporting grain for food aid and in support of the MAP program.

Falcon reported the U.S. Senate Finance staff asked her to brief them on the Australian "bribery and undercutting" issues in the process of selling wheat. She provided them the information. She was instructed to continue to keep all Montana Congressmen and the MGGA leadership informed on Australia's trading practices. Our representatives at the World Trade Organization (WTO) talks should also be informed.

After discussion and consulting calendars, it was determined that February 21 would be the "research progress report" portion of the annual MW&BC Winter Board Meeting in Bozeman. The Board will conduct regular business on February 22 and on February 23 approximately a half-day will be dedicated for liaison representatives to meet individually with researchers in preparation for projects to be considered at the FY 2006-07 budget meeting in Great Falls, with date for that meeting yet to be determined. The due date for funding proposals will be determined later.

Mattson added that the MGGA and Montana Farmers Union (MFU) should be advised of these dates so that they could mesh their meetings with ours and perhaps have more social opportunities to interact with each other.

3) M/S/C Brian Kaae and Karen Schott - That Kim Falcon and Cheryl Tuck attend the USWA meeting in San Antonio in February, 2006.

4) M/S/C Janice Mattson and Karen Schott - That Kim Falcon attend the February 2006 USGC Tucson meeting.

Regarding the need to conduct a strategic planning session, Don Fast said it would be a good idea and Mattson said, "the sooner the better". Falcon was instructed to set up tentative dates for a strategic planning session and then e-mail them to the directors for selection.

Mattson extended the board's belated thanks to Don Fast for serving as Chairman this past year.

The meeting adjourned at 4:15 p.m., for the Open House in honor of Kim Falcon.